

# STATE OF INDIANA

## INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE INVESTIGATION )  
ON THE COMMISSION'S OWN INVESTIGATION INTO )  
ANY AND ALL MATTERS AFFECTING THE ) CAUSE NO: 41736  
ADEQUATE AND RELIABILITY OF ELECTRIC )  
SERVICE TO INDIANA RETAIL CUSTOMERS )

### **Response of the Gary Woodall, Business Manager IBEW Local 1395 to the IURC Session 1:**

#### **Alternatives to Traditional Generation Resources**

During Session 1 I was allowed to address the meeting from the floor and following my comments about the workforce the facilitator asked that I submit a written follow up regarding those comments. The following addresses and hopefully clarifies what I was attempting to convey with my comments.

Local 1395 represents the employees of Tipmont REMC, Richmond Power & Light Company, and the physical workers of the Indianapolis Power & Light Company (IPL). I have worked for 27 years in the electric utility industry—16 years as an operator at a generating station and 11 years in the transmission and distribution area of the industry. On June 30, 2000, I testified that due to electric utility restructuring and the threat of deregulation, employment in the industry was down by approximately 22%.

Membership in my Union relative to the physical workers at IPL has decreased from 1200 in 1990 to a level of 933 at this time. This 22% reduction of workforce has directly impacted reliability in the Electric Utility Industry. My linemen say that customer outages now take longer to restore if there is much damage to the system. Substation maintenance is at an all time low. Generating facility employees report that inferior parts are now used for economic reasons where quality would have been the consideration in years past. In short, safety, customer service, and long-term reliability have taken a "back seat" to short-term gains and immediate shareholder value. My research suggests that these practices are fast becoming a new industry norm. This change in the industry is contributing to some of the reliability issues facing us all. An example would be the Com Ed district circuits in Chicago last summer and more recently, the Evansville, Indiana power outages on the morning of July 12, 2000. Granted the cause of the Evansville outage is in question, but the facts are that the qualified workforce who normally perform regular maintenance are currently locked out by actions of the Utility Company

Management. It is very possible this outage is directly related to a lack of highly trained skilled workers performing the maintenance that ensures safety, timely customer service and long term reliability.

Skilled labor is fast becoming scarce. IBEW local union 481 in Indianapolis is currently advertising through radio commercials appealing for qualified Inside Wiremen to meet the overwhelming manpower demand in the construction industry. Over 50% of the remaining workforce in my local, IBEW 1395, will reach retirement age in the next 8 years. Utilities are not training the workforce of the future even though it is being proven day in and day out that training programs directly impact reliability. The hope of some Indiana Utilities is to steal or sway workers from other utilities.

I have submitted references for your review to support this claim of job loss in Indiana and across the nation.(See Attachment “A” for Indiana and Attachment “B” for both the U.S. and Indiana) According to Carl Lansden, International Vice President IBEW, “the long shadow of deregulation has already affected utility employees to a degree you may not have realized. Statistics taken from government filings required of investor-owned utilities demonstrate a disturbing decline in the number of electric department employees—employees apparently laid off in anticipation of the competitive environment utility employers foresee following deregulation. These numbers reflect all employees who are assigned primarily to the electric department, including supervisors, from a level of almost **502,000 employees in 1990**, employee numbers spiraled down to **376,700 in 1996**, which relates to **25%** loss for the IBEW.”

These reductions in force also mean remaining utility employees are facing increased workloads and responsibilities as they cover normal work routines. This workload compounds when the inevitable emergency situations arise and there are fewer people to deal with them. A decreased workforce also means loss of job advancement opportunities and inability to attract qualified workers for whatever job vacancies might exist. We believe all of these employment level issues compound the reliability issues addressed in these proceedings.

Reliability is one of the big issues in the generation and transmission of electricity. Temporary shortages, which occasionally happen in other markets, are not tolerable in the electric industry. Electricity, unlike goods, cannot be stored or inventoried and new amounts of large capacity

electrical energy take years to bring onto the electrical transmission lines. Under the present system, regulatory mandates and voluntary agreements among utilities ensure reliability.

Reliability of electric service is also a public safety issue. In general, workers, management, and regulators in the existing industry have (in the past) achieved an exemplary safety record. This is due to a long history of proper training and appropriate investments in public safety and worker safety. Staffing levels and training programs have been the first areas cut. Regular maintenance is now at a minimum and service personnel only fix elements of the system once they break.

The incentive to invest in reliability protections becomes less likely when profits are the primary consideration. In fact, the incentive to cut costs may result in systems so over-stretched they may not be able to operate efficiently in times of peak demand or during storms. The most instantly recognizable issue that requires consideration is the connection between an established well-trained work force and electric power reliability.

The IBEW, as representative of workers most familiar with the nuts, bolts, and guts of the electric utility industry, was among the first to raise the reliability issue.

Following are some issues the IBEW believes are immediately important:

1. The generally high level of reliability we all enjoy with electric supply is dependent on a well-trained, dedicated workforce to build, maintain, operate, and repair the power generation and delivery system.
2. The former level of voluntary cooperation engaged in by utilities toward the goal of enhanced systems reliability has decreased remarkably as managements review business practices for a competitive era.
3. The fundamental laws of physics and the engineering community's concerns with respect to safe and practical operation of the vast electrical network required to sustain system

reliability are largely ignored in the rhetoric supporting commoditization of the electric power supply.

4. Competition and commoditization of electricity has caused the generation business to operate on very narrow margins.
5. Deregulation and competition or commoditization of electricity should not risk reliability.

If the full transition to competition is to occur and truly benefit all ratepayers as advertised, reliability must be accounted for beforehand and supported by meaningful penalties to all industry participants who fail to comply with defined reliability standards.

We need to remind ourselves of the fundamental reason for electric industry regulation: To ensure that a fair balance exists between customers and the companies that provide the service. Hasty implementation of radical changes to the regulations governing the electric power industry will also radically change who and what has priority in our system. Electricity is an essential service, not merely a commodity. The economy of this great State, the livelihoods of its working families, and the lifestyles of its citizens require a reasonably priced, reliable supply of electricity. We believe the vast majority of current and probable future reliability problems would have and could be avoided if there wasn't a rush by the utility industry to prepare for a possible deregulated market at a cost of worker safety, customer service and long term reliability. Please consider carefully any proposed changes to the system that has proven itself for such a long time and served Indiana with low-cost reliable coal fuel generated electricity.

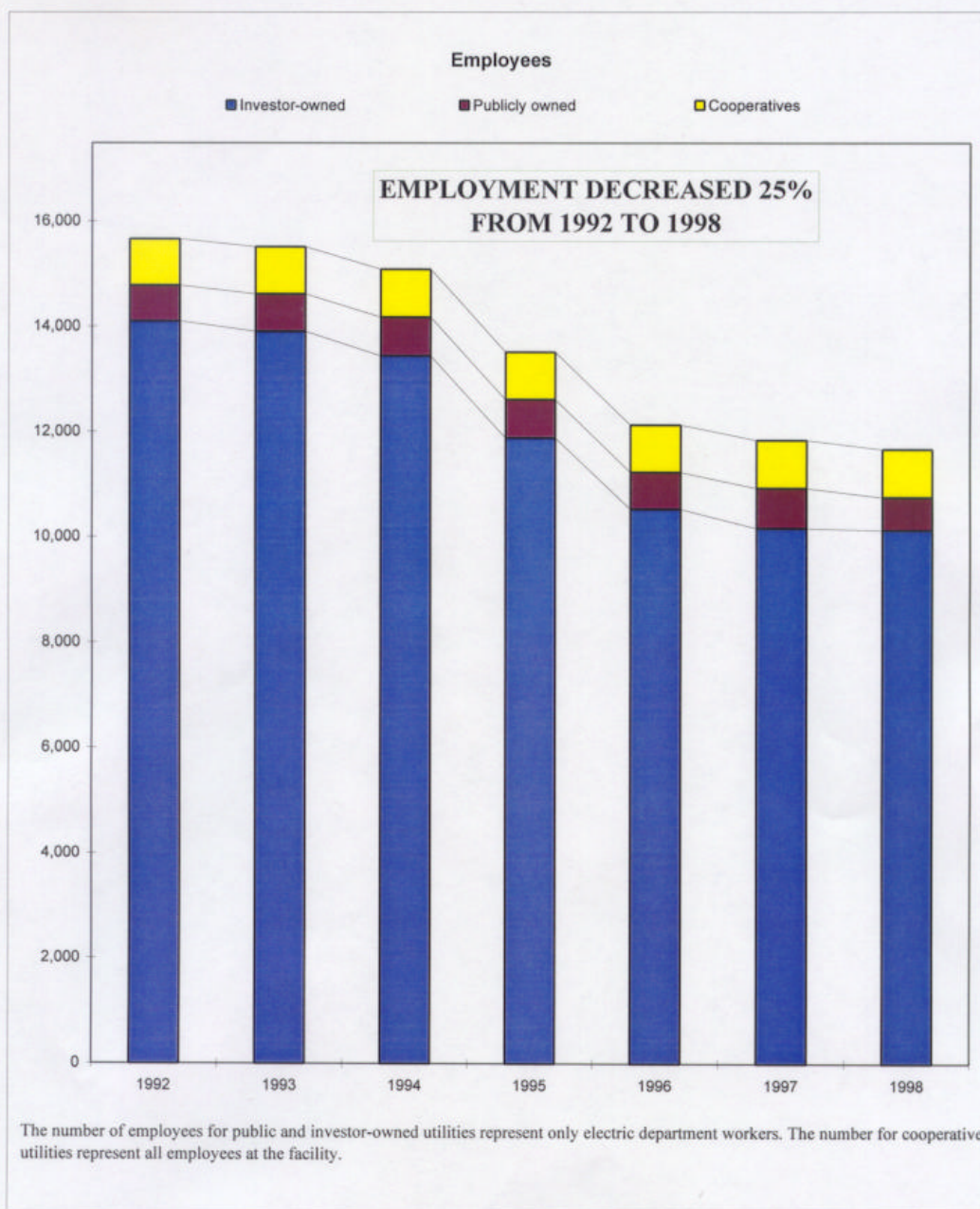
(See Attachments "A" and "B")

## **ATTACHMENT "A"**

# **INDIANA ELECTRIC UTILITY COMPANIES EMPLOYMENT, SALES AND PRODUCTIVITY TRENDS 1992-1998**

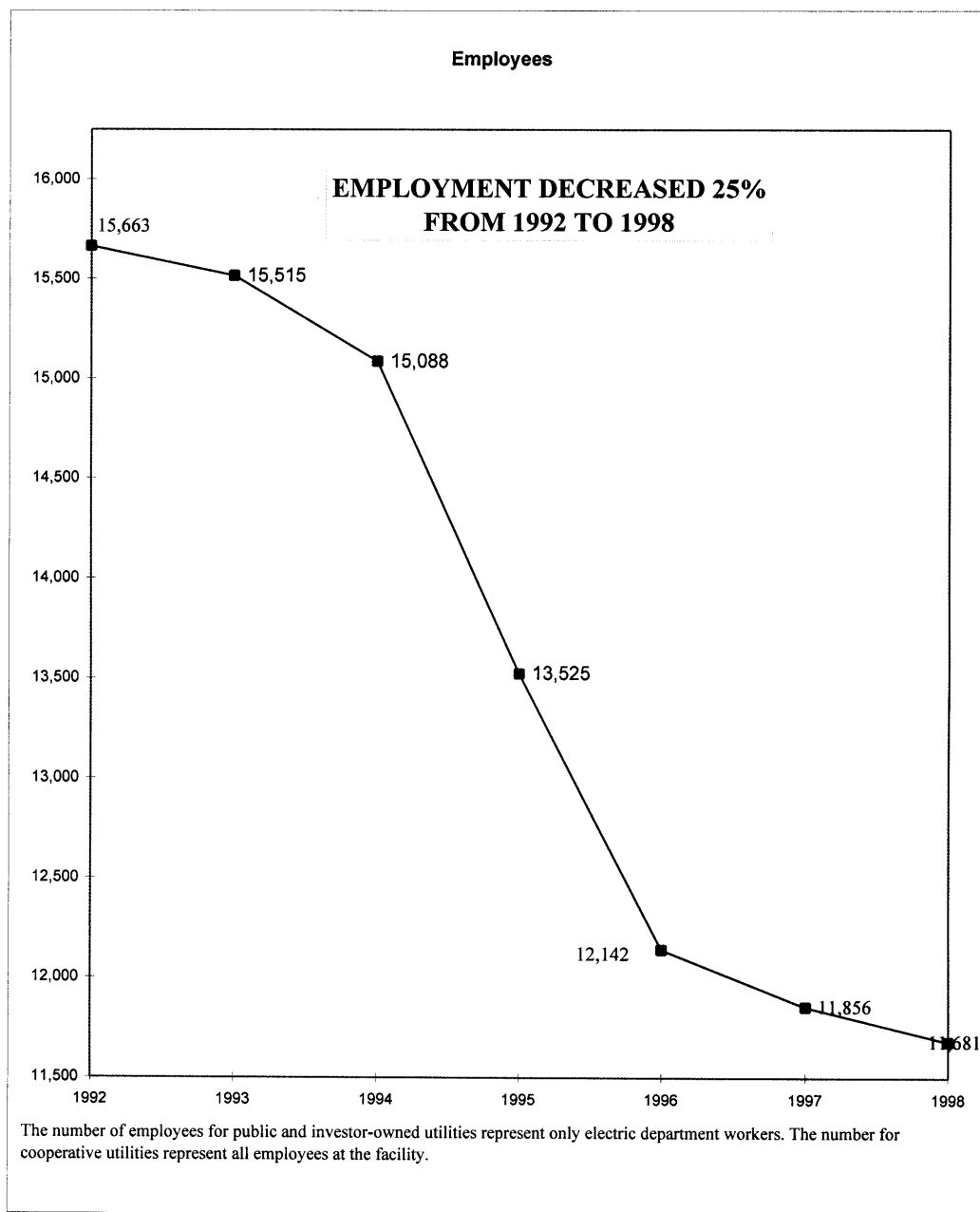
*Prepared by: IBEW, Research and Technical Services Department, August 2000.*

## INDIANA ELECTRIC UTILITY TRENDS



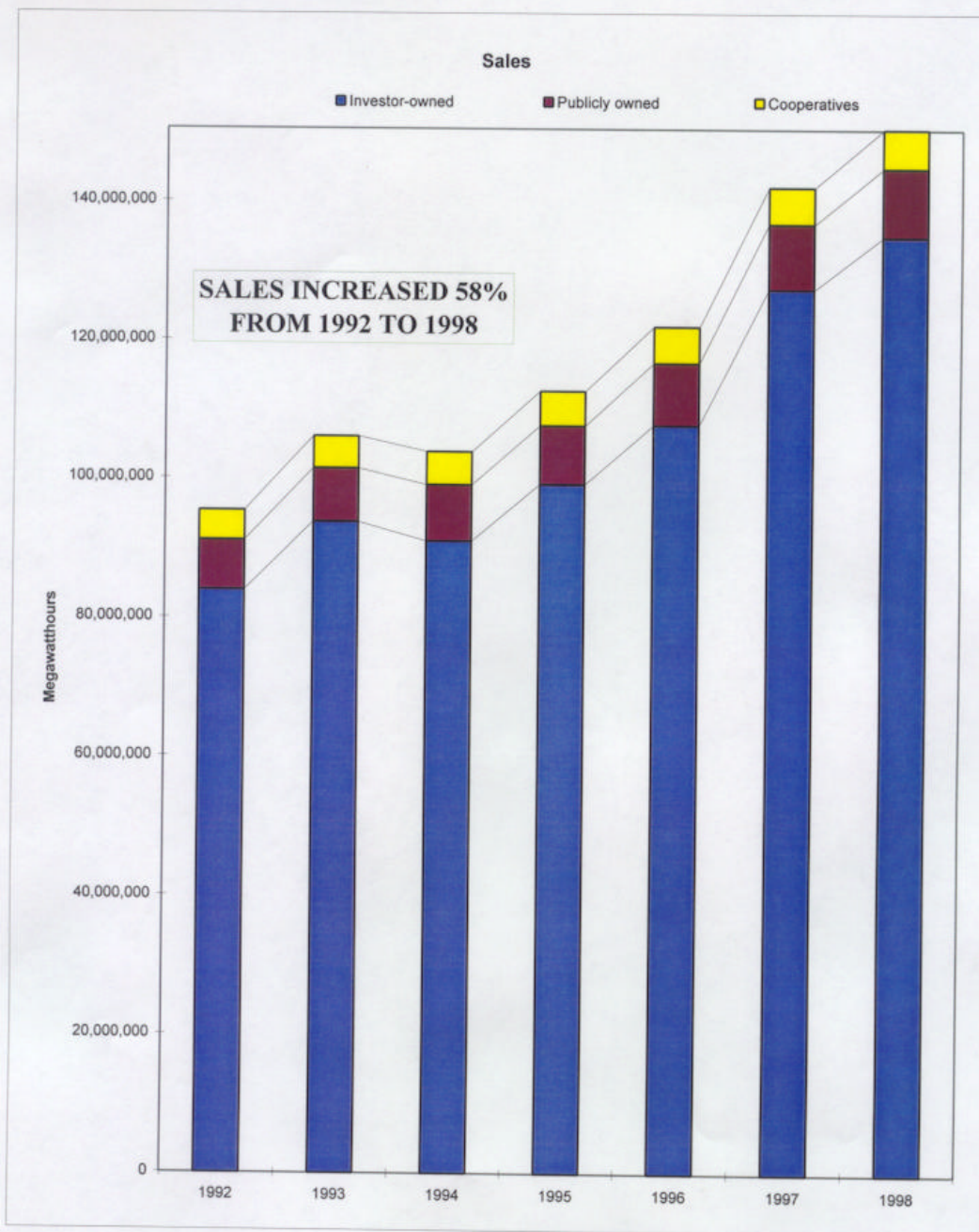
Data represents 39 cooperatives, 15 major public and 6 major investor-owned utilities in Indiana.  
Source: Energy Information Agency and Rural Utilities Service.

## INDIANA ELECTRIC UTILITY TRENDS



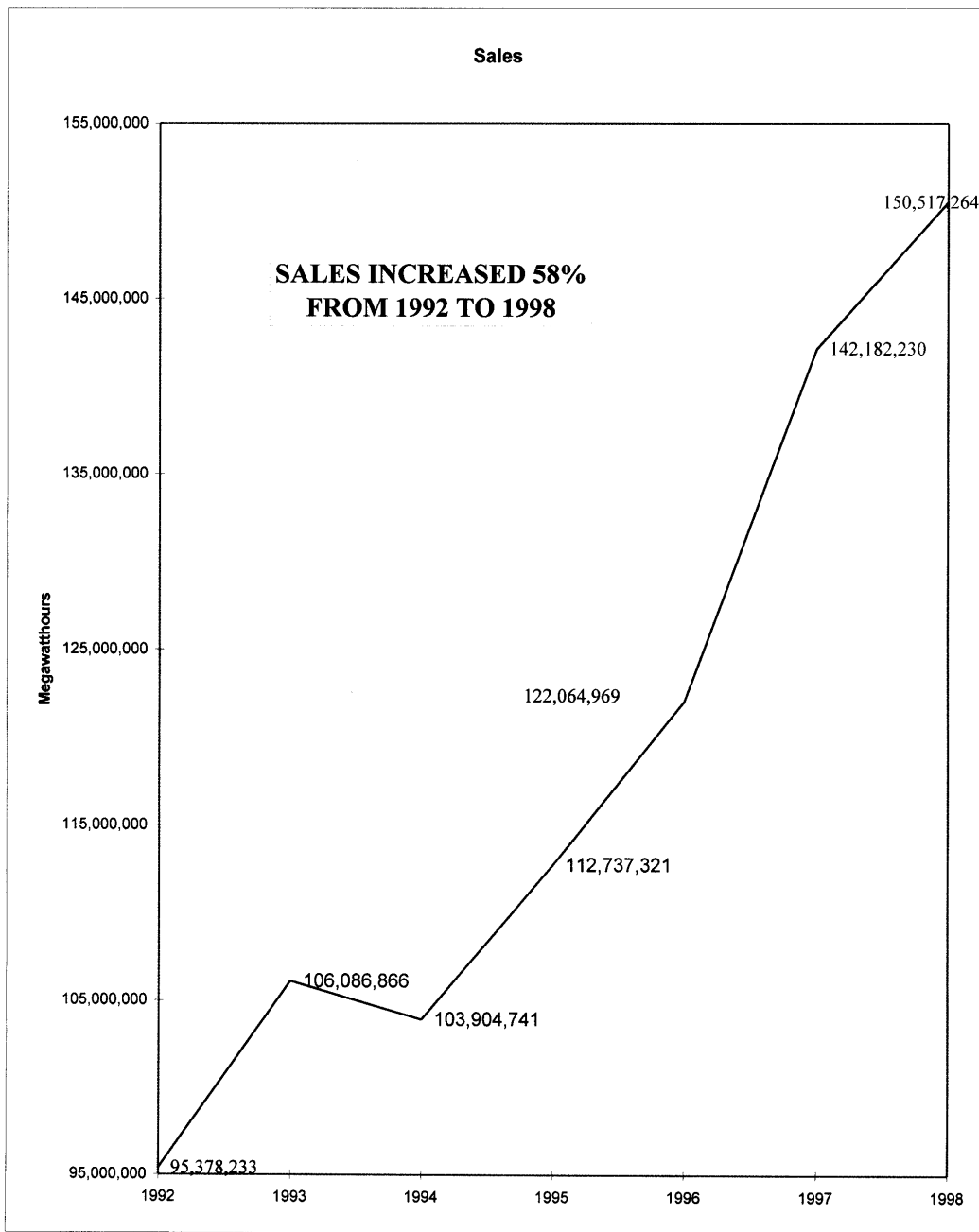
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## INDIANA ELECTRIC UTILITY TRENDS



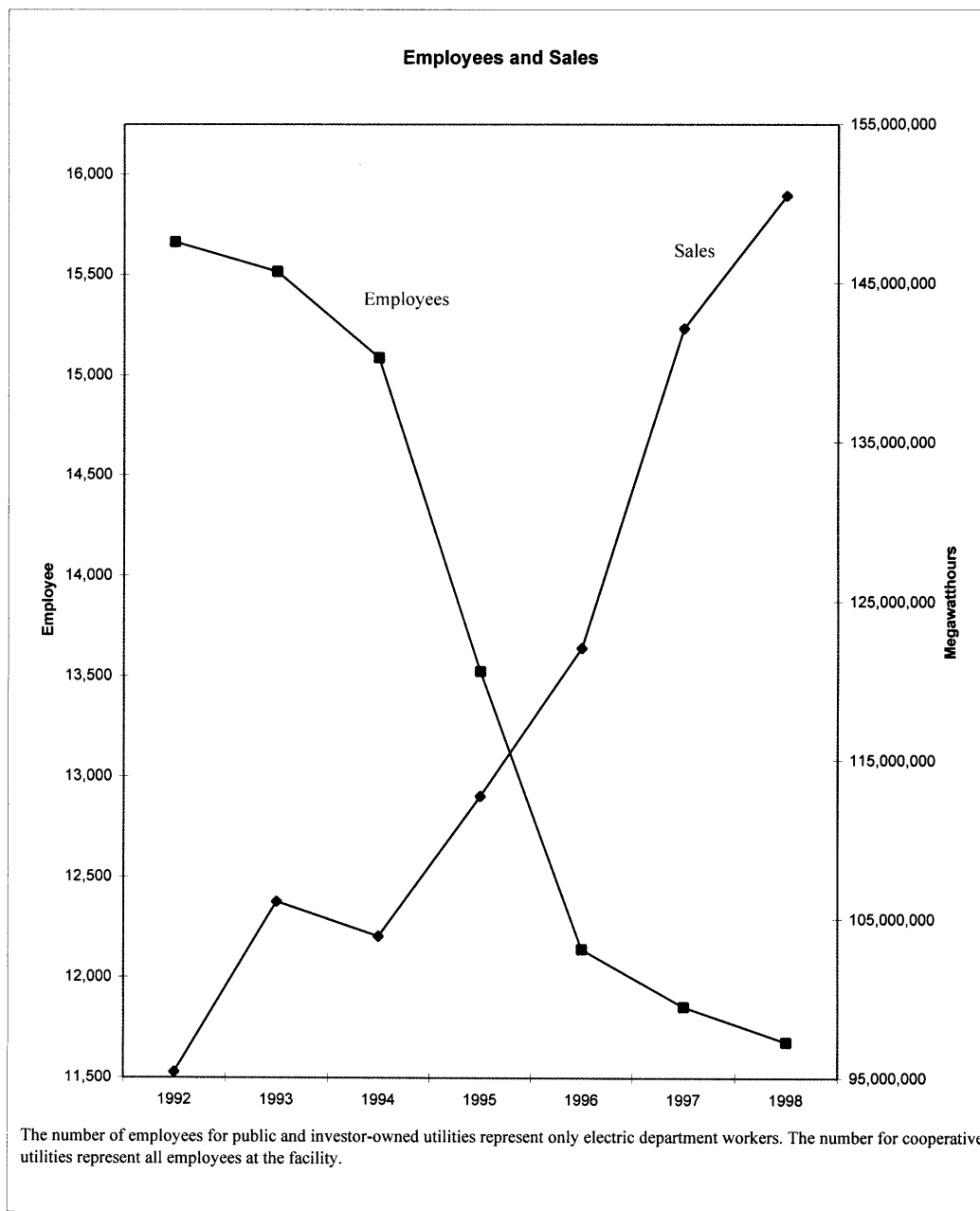
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## INDIANA ELECTRIC UTILITY TRENDS



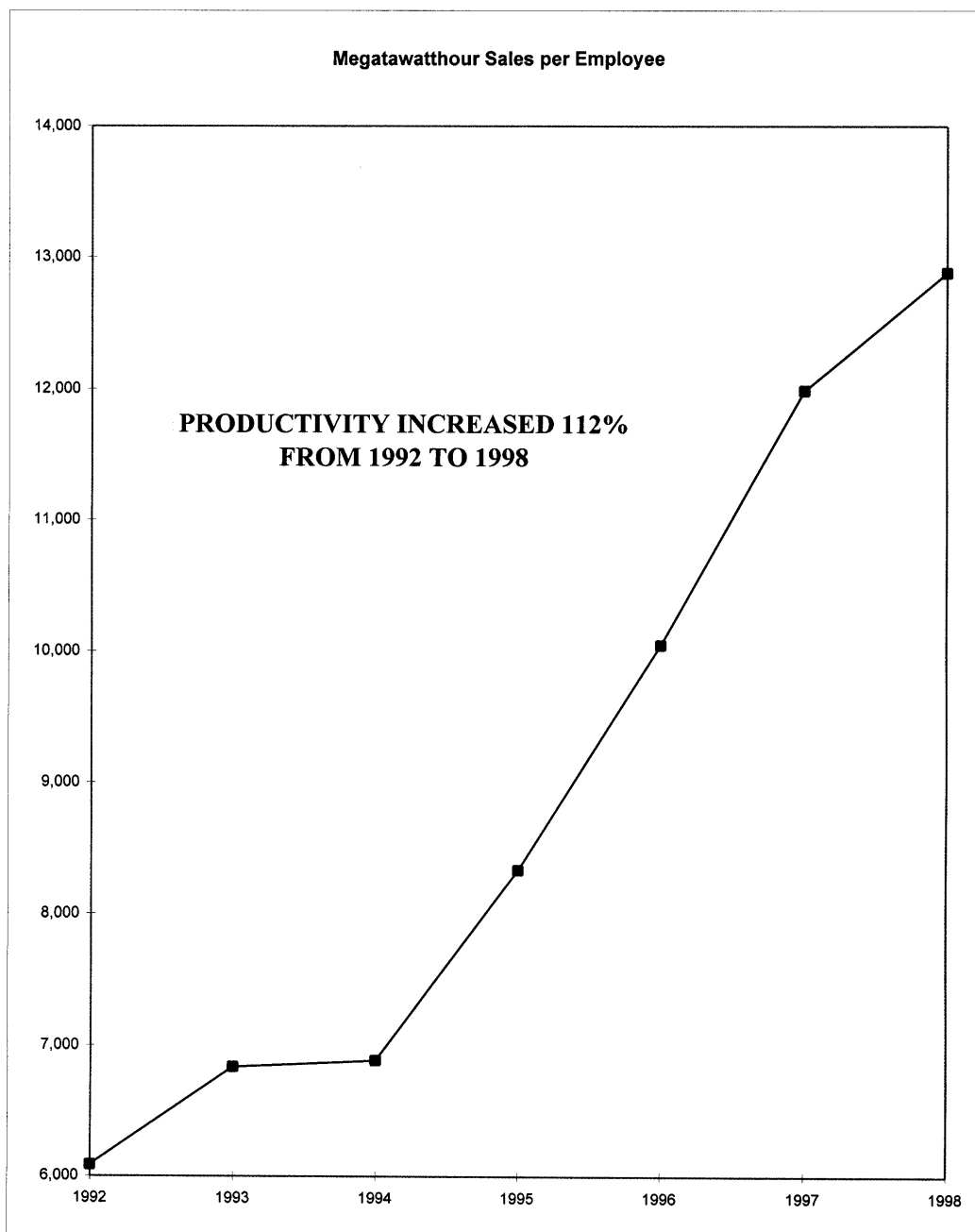
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## INDIANA ELECTRIC UTILITY COMPANIES\*

<u>Ownership</u>	<u>Utility Name</u>	<u>Employees**</u>						
		<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Cooperative	Daviess-Martin County Rural	28	28	28	30	29	29	29
Cooperative	Decatur County Rural Electr	25	28	25	25	25	25	26
Cooperative	Dubois Rural Electric Coope	28	28	27	27	27	28	28
Cooperative	Fulton County Rural Electri	14	16	16	16	16	17	17
Cooperative	Harrison County Rural Elect	41	44	45	45	45	44	45
Cooperative	Jackson County Rural Electr	52	52	52	56	57	63	65
Cooperative	Jasper County Rural Electri	22	22	22	23	24	24	24
Cooperative	Jay County Rural Electric M	22	23	23	23	23	23	24
Cooperative	Johnson County Rural Electr	39	40	40	40	40	40	39
Cooperative	Kankakee Valley Rural Elect	40	39	39	41	44	42	43
Cooperative	Knox County Rural Electric(2)	27	27	29	27	27	27	27
Cooperative	LaGrange County Rural Elect	22	22	22	22	21	20	20
Cooperative	Newton County Rural Electri	8	8	8	8	8	8	8
Cooperative	Northeastern Rural Electric	62	63	65	65	61	69	68
Cooperative	Orange County Rural Electri	22	23	24	24	24	23	23
Cooperative	Parke County Rural Electric(1)	28	29	32	33	34	34	34
Cooperative	Rush County Rural Electric	20	20	20	20	20	19	19
Cooperative	Shelby County Rural Electri	24	24	24	24	23	26	25
Cooperative	South Central Indiana REMC	87	84	84	80	82	79	74
Cooperative	Southeastern Indiana Rural	59	60	64	63	63	62	62
Cooperative	Southern Indiana Rural Elec	23	25	25	22	22	23	23
Cooperative	Sullivan County Rural Elect(2)	23	23	23	22	22	22	22
Cooperative	Tipmont Rural Electric Memb	50	52	52	51	52	52	52
Cooperative	United Rural Electric Membe	29	30	29	30	31	31	30
Cooperative	Utilities District of West Indiana	45	44	43	40	40	43	40
Cooperative	Wabash County Rural Electri	20	20	21	20	20	20	20
Cooperative	White County Rural Electric	26	26	26	26	25	24	26
		<b>886</b>	<b>900</b>	<b>908</b>	<b>903</b>	<b>905</b>	<b>917</b>	<b>913</b>
Investor	Commonwealth Edison Co In	266	248	228	207	164	164	164
Investor	Indiana Michigan Power Co	3,697	3,663	3,550	3,267	3,003	3,049	3,074
Investor	Indianapolis Power & Light Co	2,187	2,143	2,098	2,075	2,034	1,982	1,922
Investor	Northern Indiana Pub Serv Co	2,907	2,830	2,761	2,745	2,357	2,173	2,195
Investor	PSI Energy Inc	4,254	4,235	4,025	2,807	2,211	2,030	2,007
Investor	Southern Indiana Gas & Elec Co	787	789	789	789	773	784	783
		<b>14,098</b>	<b>13,908</b>	<b>13,451</b>	<b>11,890</b>	<b>10,542</b>	<b>10,182</b>	<b>10,145</b>

See footnotes on page 4.

## INDIANA ELECTRIC UTILITY COMPANIES\*

<u>Ownership</u>	<u>Utility Name</u>	<u>Employees**</u>						
		<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Public	Anderson City of	87	84	80	82	82	80	80
Public	Auburn City of	14	14	14	14	14	126	16
Public	Bluffton City of	17	35	37	38	38	31	30
Public	Crawfordsville Elec Lgt&Pwr Co	52	55	55	56	55	54	52
Public	Frankfort City of	26	26	26	26	29	27	27
Public	Greenfield City of	30	31	37	35	20	28	17
Public	Indiana Municipal Power Agency	15	19	23	23	23	22	23
Public	Jasper City of	44	49	46	46	46	43	37
Public	Logansport City of	77	74	72	70	70	68	69
Public	Mishawaka City of	75	68	68	78	79	67	65
Public	Peru City of	45	56	54	52	48	38	37
Public	Richmond City of	169	168	189	184	164	146	143
Public	Washington City of	28	28	28	28	27	27	27
		<b>679</b>	<b>707</b>	<b>729</b>	<b>732</b>	<b>695</b>	<b>757</b>	<b>623</b>

**TOTAL EMPLOYEES: 15,663   15,515   15,088   13,525   12,142   11,856   11,681**

*See footnotes on page 4.*

# INDIANA ELECTRIC UTILITY COMPANIES\*

Utility Name	Sales						
	1992	1993	1994	1995	1996	1997	1998
Daviess-Martin County Rural	103,828	114,434	116,218	118,083	122,811	121,878	124,904
Decatur County Rural Electr	176,106	195,666	205,109	210,906	228,586	234,404	234,858
Dubois Rural Electric Coope	181,248	192,696	193,151	197,196	202,578	185,547	209,234
Fulton County Rural Electri	65,276	68,874	70,164	72,652	75,449	74,965	76,044
Harrison County Rural Elect	264,613	291,151	314,045	337,136	359,092	367,829	387,735
Jackson County Rural Electr	276,780	309,130	317,330	338,544	355,818	364,243	369,877
Jasper County Rural Electri	94,737	102,310	105,204	109,369	110,295	111,711	117,192
Jay County Rural Electric M	84,710	87,310	88,652	90,451	93,815	92,317	90,597
Johnson County Rural Electr	173,730	191,013	193,065	207,900	216,941	227,700	244,930
Kankakee Valley Rural Elect	145,091	159,494	163,788	176,510	181,952	185,547	200,875
Knox County Rural Electric(2)	176,457	185,287	181,435	187,437	200,601	200,601	200,601
LaGrange County Rural Elect	67,787	72,749	79,878	83,336	82,603	84,129	86,914
Newton County Rural Electri	21,852	22,225	22,606	22,884	23,607	23,589	23,714
Northeastern Rural Electric	327,857	352,331	370,718	374,305	396,693	409,966	416,050
Orange County Rural Electri	65,961	73,253	74,997	80,042	85,604	86,333	88,909
Parke County Rural Electric(1)	138,930	146,986	149,558	155,481	157,411	163,391	163,391
Rush County Rural Electric	65,773	68,933	69,535	70,680	75,423	74,613	75,029
Shelby County Rural Electri	113,162	122,898	126,807	133,935	141,857	168,583	182,759
South Central Indiana REMC	308,039	340,061	347,014	366,378	396,610	401,826	407,378
Southeastern Indiana Rural	266,686	289,162	304,155	320,093	338,510	341,605	356,307
Southern Indiana Rural Elec	104,933	115,381	114,178	120,631	125,023	150,589	217,930
Sullivan County Rural Elect(2)	96,436	107,309	108,106	114,050	121,635	121,635	121,635
Tipmont Rural Electric Memb	235,365	250,530	251,652	267,978	272,268	272,902	287,289
United Rural Electric Membe	338,696	357,312	371,024	388,675	391,383	402,790	395,034
Utilities District of West Indiana	210,312	231,828	234,501	245,022	256,048	250,755	263,041
Wabash County Rural Electri	109,687	116,905	116,665	120,448	128,150	127,474	130,522
White County Rural Electric	87,065	93,858	94,141	97,864	101,126	99,998	107,977
	<b>4,301,117</b>	<b>4,659,086</b>	<b>4,783,696</b>	<b>5,007,986</b>	<b>5,241,889</b>	<b>5,346,920</b>	<b>5,580,726</b>
Commonwealth Edison Co Inc.(2)	610,165	1,449,851	1,672,835	1,610,950	1,851,957	1,851,957	1,851,957
Indiana Michigan Power Co	25,991,389	32,185,355	26,767,011	31,105,593	35,585,003	32,454,000	25,285,000
Indianapolis Power & Light Co	11,944,751	12,791,601	13,135,972	13,478,238	14,081,105	14,258,000	15,641,000
Northern Indiana Pub Serv Co	14,433,111	15,165,167	15,536,394	16,924,353	16,740,551	15,992,165	17,061,977
PSI Energy Inc.	25,751,063	26,686,806	28,369,566	30,165,823	33,490,537	56,617,148	68,291,789
Southern Indiana Gas & Elec Co	5,218,476	5,454,990	5,566,310	5,980,890	6,084,521	6,284,528	6,859,181
	<b>83,948,955</b>	<b>93,733,770</b>	<b>91,048,088</b>	<b>99,265,847</b>	<b>107,833,674</b>	<b>127,457,798</b>	<b>134,990,904</b>

See footnotes on page 4.

## INDIANA ELECTRIC UTILITY COMPANIES\*

Utility Name	Sales						
	1992	1993	1994	1995	1996	1997	1998
Anderson City of	591,149	630,092	630,686	661,554	683,832	673,942	710,152
Auburn City of	298,970	337,576	371,007	402,860	468,065	509,818	516,375
Bluffton City of	144,814	158,548	168,502	175,002	176,926	180,371	194,606
Crawfordsville Elec Lgt&Pwr Co	351,196	362,834	388,901	393,020	390,955	393,458	399,767
Frankfort City of	269,359	289,102	302,763	319,460	337,965	328,192	327,699
Greenfield City of	142,825	156,608	163,210	180,033	191,579	204,004	225,460
Indiana Municipal Power Agency	3,393,949	3,688,050	3,889,540	4,072,696	4,385,743	4,695,534	5,046,502
Jasper City of	231,769	255,294	265,853	275,190	283,005	285,789	306,515
Logansport City of	292,301	308,268	290,576	309,956	327,437	342,352	375,353
Mishawaka City of	395,071	425,808	457,917	486,451	499,334	503,019	537,405
Peru City of	173,921	187,535	192,928	196,641	211,765	211,687	218,208
Richmond City of	700,111	749,353	806,323	840,478	870,923	890,144	921,473
Washington City of	142,726	144,942	144,751	150,147	161,877	159,202	166,119
	<b>7,128,161</b>	<b>7,694,010</b>	<b>8,072,957</b>	<b>8,463,488</b>	<b>8,989,406</b>	<b>9,377,512</b>	<b>9,945,634</b>

**TOTAL SALES: 95,378,233 106,086,866 103,904,741 112,737,321 122,064,969 142,182,230 150,517,264**

\* Includes all utilities in which data was available. Limited data was available for Bartholomew County REMC, Boone County REMC, Carrol County REMC, Central Indiana Power, Hendricks County REMC, Hoosier Energy Rural Electric, Kosciusko County REMC, Marshall County Rural Electric, Miami-Cass County, Boble County REMC, Steuben County REMC, Warren County REMC, Whitewater Valley REMC, City of Lebanon Utility, and the City of Scottsburg Utility. Their data was not included.

\*\*The number of employees for public and investor-owned utilities represent only electric department workers. The number for cooperative utilities represent all employees at the facility.

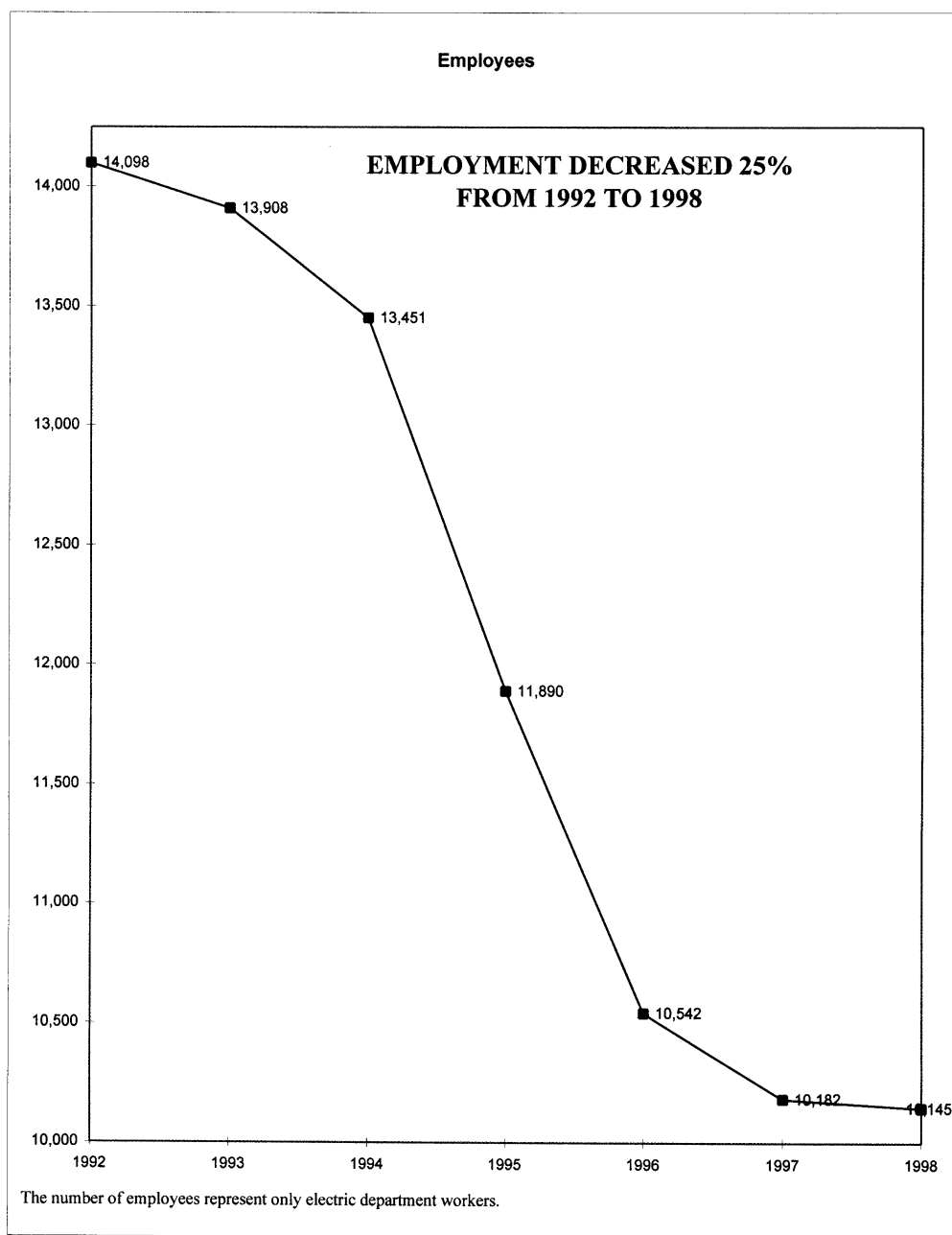
(1) Data for 1998 estimated from 1997 data.

(2) Data for 1997 and 1998 estimated from 1996 data.

### Sources:

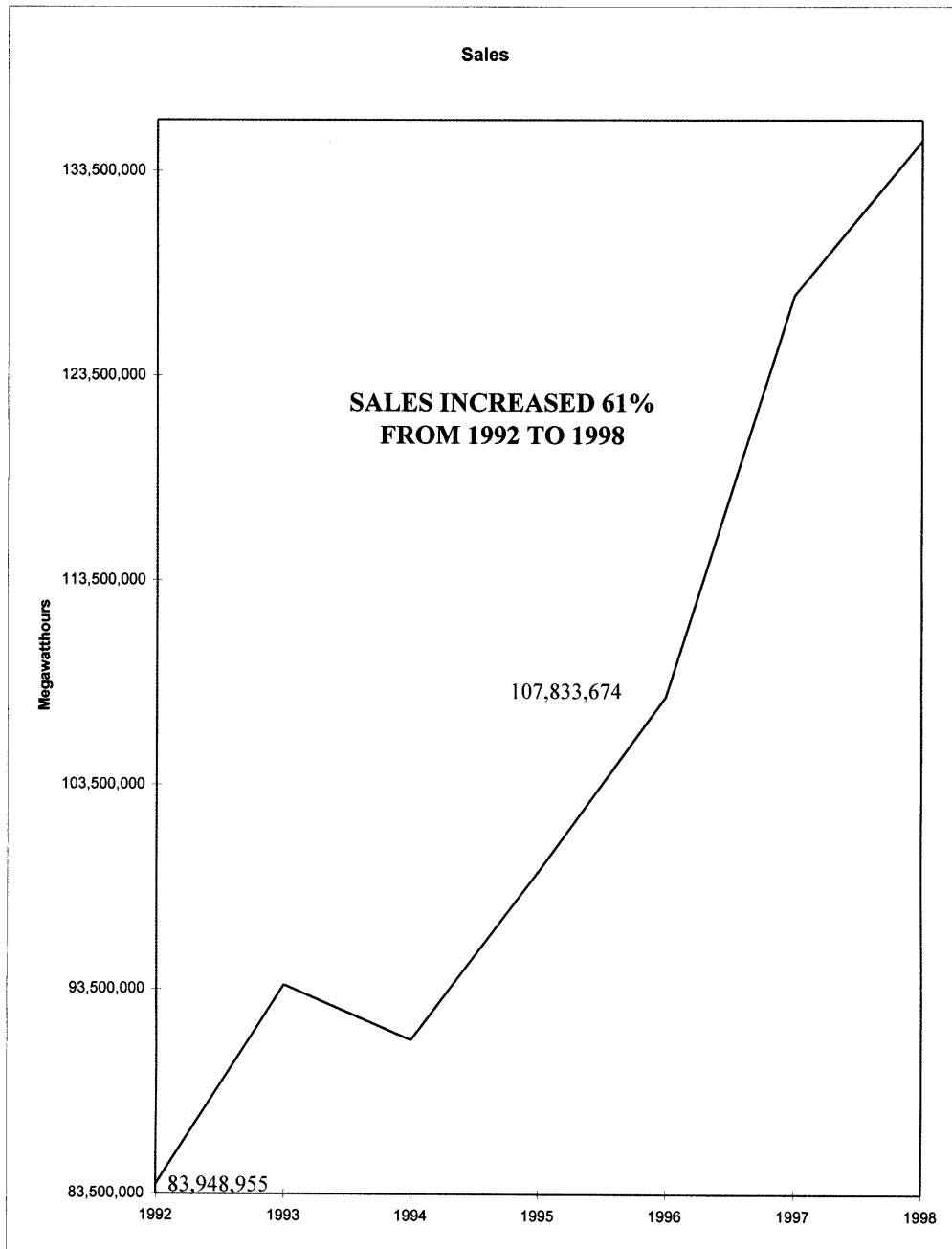
U.S. Department of Energy, Energy Information Administration, *Financial Statistics of Major U.S. Investor-Owned Electric Utilities, 1992-1996*; and *Financial Statistics of Major U.S. Publicly Owned Electric Utilities, 1992-1998*. U.S. Department of Agriculture, Rural Utilities Service, *Statistical Report Rural Electric Borrowers*, 1992-1998. Investor-owned Annual Reports and Federal Energy Regulatory Commission, Form 1s.

## INDIANA MAJOR INVESTOR-OWNED ELECTRIC UTILITY TRENDS



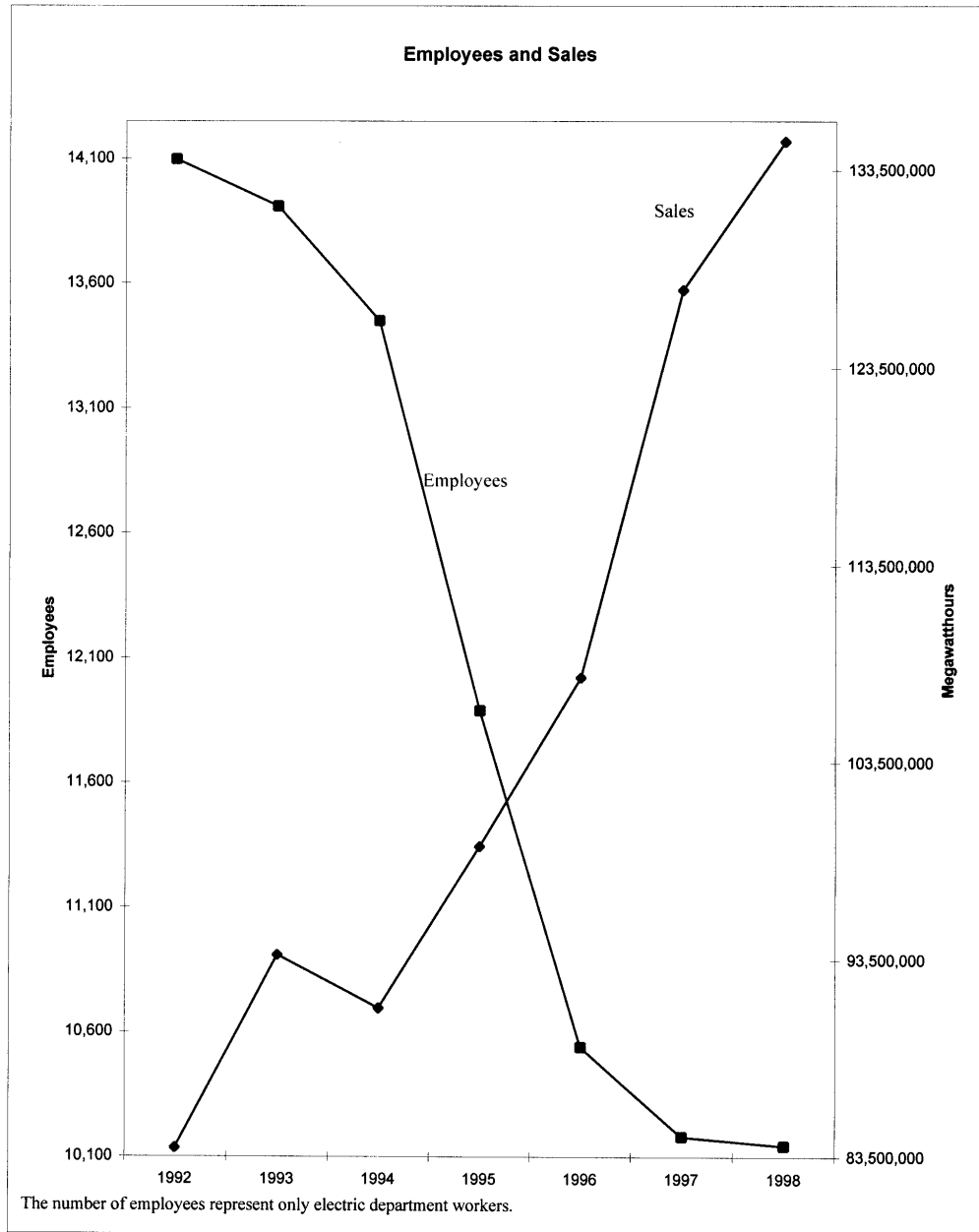
Data represent the six major investor-owned utility companies.  
Source: Energy Information Agency and Rural Utilities Service.

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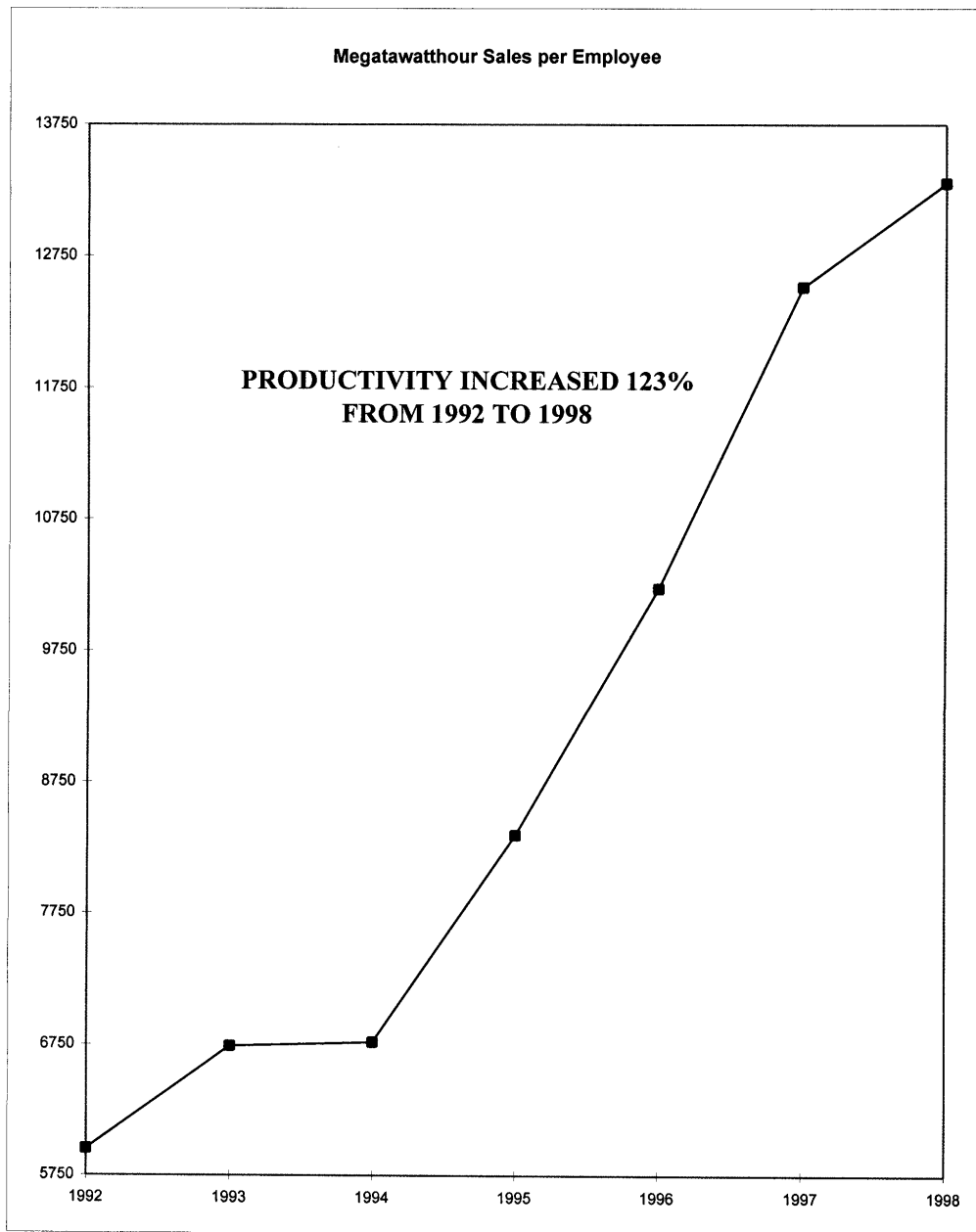
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## Attachment “B”

### Employment by Gender and Race for the US and for Indiana

#### Nationwide results from the 1983 CPS

	Men	Women	Total	Women's Share
Electric light and power	551,479	119,060	670,539	18%
All industries	56,751,088	44,007,2M	100.758.364	44%
	White Other	Black Total	Hispanic Share	
Electric light and power	578,572 10,770	64,784 870,539	16,113 14%	
All industries	83,509,752 2,534.664	9,258.946 100,758,354	5,464,992 17%	

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#### Result from 1990 census for Indiana

	Man	Women	Total	Women's Share	
Electric right arid power in Indiana	11,865	2,988	14,853	20%	
All industries in Indiana	1,512,342	1,268,640	2,780.982	46%	
	White Other	Black Total	Hispanic Share	Asian	
Electric right and power in Indiana	13,832 14,853	753 7%	100	60	108
All industries in Indiana	2,520,619 7,278	190,186 2,780,982	44,737 9%	18,182	

Source: Tabulated from the Current Population Survey and the 1990 Census five percent sample

Note- Excludes unpaid family workers